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In the Matter of )  
Numbering Resource Optimization )

CC Docket No. 99-200

To: The Commission

COMMENTS OF NEXTEL COMMUNICATIONS, INC.

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## **SUMMARY**

Nextel Communications, Inc. ("Nextel") respectfully submits these Comments on the Further Notice of Proposed Rulemaking ("Further Notice") in the Federal Communications Commission's ("Commission") Number Resource Optimization proceeding.

Nextel submits these comments to oppose the imposition of an 80% utilization threshold for obtaining growth codes. Such a restrictive threshold significantly limits carriers' flexibility and could result in carriers having no telephone numbers for assignment prior to obtaining additional numbers. Nextel, therefore, supports the Commission's proposal to impose a 50% threshold in year one, and requests that the Commission increase it 10% each year, up to a maximum of 70%. While fairly restrictive, the 70% threshold should provide carriers sufficient cushion to obtain and activate a new NXX code prior to exhausting their existing telephone number inventory.

Nextel supports a transition period during which wireless carriers could implement thousands block number pooling after they have implemented Local Number Portability ("LNP") capabilities on their systems. Implementing LNP on wireless networks will require significant system modifications and upgrades. Thus, rather than requiring wireless carriers to simultaneously implement LNP and pooling, each of which is a complex task, the Commission should provide wireless carriers additional time after

implementing LNP, to begin participating in thousands block number pooling. At a minimum, wireless carriers will require six months after the November 24, 2002 LNP implementation date.

Nextel, like the majority of commenters to date, opposes the use of market-based allocation methodologies for allocating telephone numbering resources. Because telephone numbers are not – like spectrum – a finite resource, auctions are not an appropriate allocation tool. Auctions would increase the cost of doing business, introduce additional complexities into an already complex business and regulatory environment, and ultimately harm telecommunications consumers.

Finally, Nextel asserts herein that wireless carriers should not be required to share in the cost of telephone number pooling at this time. Because wireless carriers are not participating in number pooling, they are not the cause of these pooling-related costs, and therefore should not be subject to paying any of those costs. Moreover, because wireless carriers are some two years from implementing LNP and thousands block pooling, Nextel cannot at this time accurately ascertain what specific implementation costs will be incurred. Thus, Nextel cannot address the Commission's request for information on specific pooling-related costs.

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<sup>2</sup> *Id.* at para. 248.

the date on which CMRS carriers are required to be LNP-capable – or pursuant to a transition period after November 24, 2001;<sup>3</sup>

- (3) whether the Commission should establish a marketplace-based telephone number allocation process;<sup>4</sup> and
- (4) what specific costs will be incurred by carriers implementing pooling and how those costs should be recovered.<sup>5</sup>

Nextel addresses each of these issues herein and encourages the Commission to continue its efforts to establish a uniform, nationwide system for allocating telephone numbering resources in a manner that promotes the public interest and ensures efficient use of numbering resources.

## II. DISCUSSION

### A. Utilization Threshold

In the Report and Order released March 31, 2000, the Commission concluded that non-pooling carriers, *i.e.*, carriers that are not LNP capable, seeking growth NXX codes are required to demonstrate a need for the growth code by providing evidence of their existing telephone number utilization.<sup>6</sup> These non-pooling carriers, moreover, must meet a minimum level of number utilization before obtaining additional codes.<sup>7</sup>

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<sup>3</sup> *Id.* at para. 249.

<sup>4</sup> *Id.* at para. 251.

<sup>5</sup> *Id.* at para. 253.

<sup>6</sup> *Id.* at para. 103 (“To ensure that carriers obtain numbering resources when and where they are needed to provide service, we require carriers to provide evidence that, given their current utilization and recent historical growth, they need additional numbering resources.”)

<sup>7</sup> *Id.*

In the Further Notice, the Commission seeks comment on what minimum utilization threshold these carriers must satisfy before being allocated additional codes. The Commission tentatively concludes that the threshold should be set at 50% in the first year, and increased by 10% each year thereafter until the threshold level is at 80%.<sup>8</sup>

Nextel generally opposes utilization thresholds as the measure for obtaining new growth codes. A carrier's utilization of existing telephone numbers does not provide an accurate forecast of future numbering needs nor does it address how a carrier will be using the remaining numbers in its inventory. On the contrary, the use of a months-to-exhaust calculation more accurately reflects a carrier's numbering resource demands and, therefore, provides a more accurate measure for obtaining new codes.

Nonetheless, to the extent the Commission has concluded that it will employ a utilization threshold for determining a carrier's right to a growth code, Nextel supports the Commission's decision to calculate the utilization number on a rate center basis.<sup>9</sup> Calculating on a rate center basis, as the Commission recognized in the Report and Order, "more accurately reflects how numbering resources are assigned."<sup>10</sup> However, the Commission's proposed utilization standard of 80%, even in three years, is far too

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<sup>8</sup> *Id.* at para. 248.

<sup>9</sup> *Id.* at para. 105.

<sup>10</sup> *Id.*

restrictive and would place carriers at risk of exhausting their current inventory prior to obtaining a new code.

Requiring that carriers wait until their inventory is depleted to 20% of their NXX codes ignores the realities of the dynamic telecommunications marketplace – particularly the growing wireless marketplace. Carriers cannot perfectly predict their sales and growth in any particular market. Thus, if they are left with only 20% of their available telephone numbers prior to even requesting a growth code, there is a significant likelihood they will assign their entire inventory, thus leaving them with no telephone numbers to assign to new customers, before the assignment and activation process can be completed for the new code.

An 80% threshold is so restrictive, in fact, that it could be viewed as a punitive measure imposed on carriers unable to participate in pooling. Rather than penalize carriers, such as wireless carriers, that the Commission has not – for legitimate reasons and after extensive evaluation -- required to participate in LNP prior to late 2002, the Commission should establish reasonable utilization thresholds that are in the public interest and properly balance the interests of carriers and consumers. Nextel supports the Commission's proposal of a 50% threshold, and does not oppose increasing it by 10% each year, up to 70%. A 70% threshold, while fairly restrictive, should provide carriers sufficient cushion to obtain and activate a new NXX code prior to exhausting its entire inventory of existing telephone numbers –



particularly since the 70% threshold will be transitioned into the process, allowing carriers an opportunity to adjust to the increasingly restrictive thresholds.

**B. Pooling Implementation by Non-LNP Capable Carriers**

Pursuant to the Commission's decision to forbear from imposing an LNP requirement on Commercial Mobile Radio Service ("CMRS") providers until November 24, 2002, CMRS carriers cannot immediately implement telephone number pooling. In the Further Notice, the Commission seeks comment on whether thousands block pooling should be imposed on wireless carriers simultaneously with LNP implementation (on November 24, 2002) or whether carriers should be provided additional time to transition into number pooling. Given the enormous task LNP implementation presents wireless carriers, Nextel supports a pooling transition period to permit wireless carriers additional time to implement pooling after becoming LNP capable.

Implementing LNP on wireless networks will require significant system modifications and upgrades. Rather than requiring wireless carriers to simultaneously implement both LNP and number pooling, the Commission should provide wireless carriers at least six months to test, operate and monitor LNP on their systems prior to implementing number pooling. Wireline carriers were not required to implement both LNP and pooling at the same time. Similarly, wireless carriers should have a comparable opportunity

to iron out any problems or issues with their LNP operations prior to participating in thousands block number pooling. Six months after November 24, 2002 is the minimum time necessary for wireless carriers to transition to pooling.

C. Pricing for Numbers

Nextel, like the overwhelming majority of commenters to date, opposes the Commission's proposal to use a market-based allocation system for telephone numbering resources.<sup>11</sup> Auctions and other market-based allocation methodologies are ideal for assigning finite resources like spectrum; however, telephone numbers are not a finite resource. Rather, the telephone number shortage is the result of inefficient usage and outmoded assignment practices unsuited for the current competitive environment. The Commission's adoption of thousands block pooling and other measures in this proceeding will better address number resource optimization than auctioning telephone numbers.

Moreover, attempting to auction a non-finite resource would only increase the cost of doing business, introduce additional complexities into an already complex business and regulatory environment and ultimately harm the consumer via higher prices and a potentially greater shortage of telephone numbers (via number warehousing). Additionally, telephone number auctions would potentially penalize small providers that do not have

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<sup>11</sup> *Id.* at para. 251.

the resources to compete with some of the world's largest companies for telephone numbers. This would be contrary to the public interest as new entrants have the greatest need for new telephone numbers to provide competitive services.

**D. Recovery of Shared Industry and Direct Carrier-Specific Pooling Costs**

Given that wireless carriers cannot participate in telephone number pooling until after November 24, 2002, the Commission should not require that wireless carriers bear any of the costs of pooling until they have implemented pooling on their own systems. While it is certain there will be both shared costs and carrier-specific costs in pooling implementation and operation, wireless carriers will not be the cause of any such costs and, therefore, should not have to bear any of those costs.

Moreover, since wireless carriers are not currently participating and will not be prepared to participate for more than two years, it is difficult to ascertain what specific costs will be incurred in implementing pooling. Thus, at this time, Nextel cannot address the Commission's request for comments on the types of costs that will be incurred in pooling implementation.

**III. CONCLUSION**

For the reasons discussed herein, Nextel respectfully requests that the Commission establish a number utilization threshold of no greater than 70% to ensure that carriers have the flexibility to implement growth codes prior to exhausting their telephone number inventory. Nextel also requests that the

Commission provide wireless carriers at least six months after November 24, 2002 to implement telephone number pooling, and in the interim, not impose any pooling costs on wireless carriers since they will not be causing any such costs. Finally, Nextel opposes any market-based allocation of telephone numbers. Such proposals are not in the public interest and ultimately would harm consumers by increasing carriers' costs of doing business.

Respectfully submitted,

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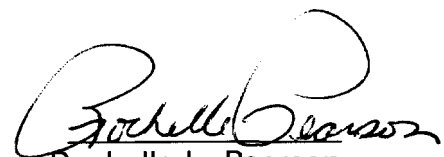
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CERTIFICATE OF SERVICE

I, Rochelle L. Pearson, hereby certify that on this May 19 2000,  
caused a copy of the attached Comments of Nextel Communications, Inc. to  
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